

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub:** In the matter of compliance of Hon'ble APTEL judgment dated 15<sup>th</sup> September 2015 in respect of appeal no. 276,270,271 & 234 of 2014 pertaining to respective True up orders for FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 issued by the Commission against Petition Nos 65/2009 ,43/2010,06/2010 for FY 2008-09 ; Petition Nos .92/2012 ,79/2012, 38/2012 for FY 2009-10; Petition Nos. .03/2010 ,04/2010, 05/2010 for FY 2010-11; and Petition Nos. 93/2010 ,91/2010, 97/2010 for FY 2011-12 for East , West & Central Discoms respectively.

**ORDER**

**(Passed on this 12.01.2017)**

**M. P. Power Management Co. Ltd.,**  
Shakti Bhawan, Rampur,  
Jabalpur – 482 008.

**M.P. Paschim Kshetra Vidyut Vitaran Co. Ltd.**  
GPH Compound, Pologround,  
Indore - 452 015.

**M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd.**  
Nishtha Parisar, Govindpura,  
Bhopal – 462 023.

**M. P. Poorv Kshetra Vidyut Vitaran Co. Ltd.,**  
Shakti Bhawan, Rampur,  
Jabalpur – 482 008.

**Respondents**

The Commission had issued the orders for trueing up of the ARR of the Respondent Companies for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 wherein the Commission had admitted the deficit amount from the true up of the order of Rs. 223.10 Crore, Rs. 659.21 Crore, Rs. 494.48 Crore, Rs. 318.13 Crore and Rs. 932.23 Crore respectively (Total Amount Rs. 2627.15 Crore). The Respondents had contested these orders before Hon'ble APTEL.

The Hon'ble APTEL had pronounced the judgment dated 04<sup>th</sup> November 2011 in the Appeal No. 150 of 2010 and dated 15.09.2015 in the matter of appeal Nos. 276,270,271 & 234 of 2014 filed by distribution companies and holding company of State wherein the APTEL remanded the Commission to review the sales to unmetered consumers and power purchase cost. The concluding part at Para 22 of APTEL's judgment dated 15.09.2015 is reproduced below

- i. *“The first and second issues regarding non-consideration of the quantum of Energy Sales to unmetered agriculture consumers and non-consideration of the cost of power purchase are remanded to the State Commission for re-consideration in terms of the judgment dated 29.05.2014 in Appeal no. 258 of 2012 of this Tribunal.*
- ii. *As regards other eight issues brought out by the Appellants as mentioned on page 7 from 2 (iii) to 2 (x) of the order, we are in agreement with the State Commission.”*

The Judgment dated 29.05.2014 of the Hon’ble APTEL in Appeal no. 258 of 2012 is reproduced below

*i. The State Commission has to consider the average cost of power procurement for long term and short term sources instead of considering of average cost of long term supply.*

*ii. We do not find any infirmity in order of the State Commission in computing the additional energy supplied to the unmetered agriculture consumers against the order of State Government.*

In order to comply with the APTEL’s aforesaid judgment, the Commission had provided another opportunity to the respondents and had issued an order to the respondents on 17<sup>th</sup> November, 2015 wherein the respondents were directed to file following information on affidavit within a period of two months so as the further necessary action could be initiated by the Commission: -

- i. Substantiate additional sale to un-metered agricultural consumers explicitly furnishing the methodology of calculation based on monthly and daily basis details of 11kV feeder wise number of hours supply.
- ii. Working excel sheet depicting the quantum of sales in excess of prescribed benchmarks to the un-metered categories of consumers.
- iii. The total power purchase cost by linking up the station wise power purchase quantum, fixed, variable and other charges cost duly indicated in their respective audited accounts.

The Commission observed that the Respondents had not responded to the Commission’s order dated 17.11.2015 hence the Commission had issued a reminder on 27/04/2016. The Respondents had submitted their detailed reply in regard to additional sale to un-metered consumers on 01.09.2016.

On scrutiny of the same, the Commission has observed that the Distribution Companies have not furnished any specific details to establish their claim on extended supply hours to agricultural consumers. They have furnished the data of hours of supply to rural area at 33kV level obtained from the State Load Dispatch Center of Madhya Pradesh. On perusal of SLDC data information furnished by the Respondents, it has emerged that the average supply to the agriculture connections in rural areas was about 8 hours during the Rabi season across all the Discoms. The

Commission has observed that SLDC data need to be viewed in context of the prevailing metering conditions during the reported years i.e. from FY 2007-08 to FY 2011-12 in light of the fact that as on 31st March 2013, pre-dominant agriculture DTRs were metered to the extent of 14% and the feeder metering at 11kV and 33kV was also partial except at 132kV and above, at EHV substations. The Commission taking cognizance of the matter has directed the Office to convene a meeting with officers of SLDC so as to establish the actual supply hours to agriculture consumers across the Discoms from the information furnished and authenticated by SLDC vide letters dated 14.06.2012 and 22.04.2013 in order to ascertain the supply hours of unmetered agricultural consumers. The meeting with SLDC's representative was held on 14.10.2016 wherein it has been brought to knowledge of the Commission that segregation of supply hours between rural agriculture connections and rural domestic connections cannot be made as the same is not being captured separately and supply was being extended to rural consumers through mixed feeders during the period under report and therefore, consumption to agriculture consumers cannot be ascertained from the certified reports from SLDC, submitted by the Discoms/MPPMCL to MPERC. Subsequent to the meeting held with SLDC on 14.10.2016, the SLDC vide letter dated 04.11.2016 has further clarified that prior to 29.06.2011 the SLDC was entrusted to monitor the supply hours at 33kV level only by random verification, through telephone regarding actual operation of feeders under load shedding and no other means of authentication of supply hours was available with SLDC except to rely on field authorities for properly and timely execution of the SLDC's instructions. While since 29.06.2011 onwards, the responsibility of carrying out scheduled and unscheduled load shedding has been assigned to Discom Control Center (DCC).

In absence of authentic data as discussed above, the Commission deemed it appropriate to consider the sale and energy requirement as already admitted by the Commission in aforesaid true up orders for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 & FY 2011-12. The Commission has considered the total quantum of sale as admitted in the true up orders of the respective years i.e. metered sale as per Annual R-15 statement and sale to un-metered agricultural consumers as per the prescribed benchmarks.

Further, in regard to revision of the power purchase cost, the Commission has considered the power purchase cost as per the audited accounts of the respondents for full fixed cost of the generating stations and the cost of the short term power along with the cost of power of long term sources as per APTEL's said judgment but disallowing any delayed payment surcharge and any penal charges etc. Similarly, the Commission has also revised the power purchase cost for FY 2007-08 as per directives of the APTEL vide the judgment dated 04.11.2011 in appeal no. 150 of 2010 earlier.

During the course of instant working an issue regarding procurement of electricity from M/s. Torrent Power Ltd. on inflated rates has come to the notice of the Commission. The Commission sought comments and additional information from respondent on power purchase cost and merit order dispatch envisaged to have been followed by MPPMCL. The Commission has noted that the response furnished to the Commission is not clear on the following issues:-

1. Whether the meeting held on 22<sup>nd</sup> February, 2011 between TPL, MPPMCL and PTC forms a part of PPA/PSA or not.
2. Whether the power procurement from M/s. Torrent Power was on the principles of Merit Order Dispatch (MOD) based on variable cost of generating station or not.

In this situation the Commission has considered it appropriate to keep in abeyance the amount of power purchase indicated against Torrent Power Limited. The same shall be considered as and when the respondents would file the information to the satisfaction of the Commission. Accordingly, the difference in the power purchase costs and interest on working capital on account of exclusion of power purchase cost of Torrent Power Limited as already admitted and as per revised cost is indicated in the table below:

<b>Additional Power Purchase Cost as per APTEL's Order</b>				
Amount in Rs. Crore				
<b>Particulars</b>	<b>East Discom</b>	<b>West Discom</b>	<b>Central Discom</b>	<b>Total for State</b>
Difference for 2007-08	<b>131.15</b>	<b>144.91</b>	<b>148.71</b>	<b>424.76</b>
Difference for 2008-09	205.19	217.21	216.83	639.23
Difference for 2009-10	106.18	39.86	161.91	307.95
Difference for 2010-11	94.01	60.13	47.17	201.31
Difference for 2011-12	184.88	54.61	153.47	392.96
<b>Total Additional Cost</b>	<b>721.40</b>	<b>516.72</b>	<b>728.09</b>	<b>1966.21</b>

<b>Additional interest on working capital based on revised power purchase cost</b>				
Amount in Rs. Crore				
<b>Particulars</b>	<b>East Discom</b>	<b>West Discom</b>	<b>Central Discom</b>	<b>Total for State</b>
Difference for 2007-08	0.00	0.00	0.00	0.00
Difference for 2008-09	0.00	2.65	0.00	2.65
Difference for 2009-10	0.00	0.00	0.00	0.00
Difference for 2010-11	0.00	0.00	0.00	0.00
Difference for 2011-12	0.00	0.61	0.00	0.61
<b>Total Additional Cost</b>	<b>0.00</b>	<b>3.25</b>	<b>0.00</b>	<b>3.25</b>

<b>Total impact as per APTEL's Order</b>				
Amount in Rs. Crore				
<b>Particulars</b>	<b>East Discom</b>	<b>West Discom</b>	<b>Central Discom</b>	<b>Total for State</b>
Difference for 2007-08	131.15	144.91	148.71	424.76
Difference for 2008-09	205.19	219.86	216.83	641.88
Difference for 2009-10	106.18	39.86	161.91	307.95
Difference for 2010-11	94.01	60.13	47.17	201.31
Difference for 2011-12	184.88	55.22	153.47	393.57
<b>Total Additional Cost</b>	<b>721.40</b>	<b>519.98</b>	<b>728.09</b>	<b>1969.47</b>

The Commission, therefore, admits the total impact of Rs. 1969.47 Crore in addition to already admitted cost of true up amounting to Rs. 2627.15 Crore for FY 2007-08 to FY 2011-12 as per the directions issued by the Appellate Tribunal for Electricity vide judgments dated 04<sup>th</sup> November 2011 in the Appeal No. 150 of 2010 and dated 15<sup>th</sup> September 2015 in Appeal Nos. 234, 270, 271 and 276 all of 2014 as per the details given in Annexure A. This amount may be claimed by the Respondents through the petitions to be filed for determination of ARR and retail supply tariffs for future years. Thus the directions issued by the Appellate Tribunal for Electricity vide judgments dated 04<sup>th</sup> November 2011 in the Appeal No. 150 of 2010 and dated 15<sup>th</sup> September 2015 in Appeal Nos. 234, 270, 271 and 276 all of 2014 have been comprehensively complied. The case is therefore disposed of.

Ordered accordingly.

**(Alok Gupta)**  
**Member**

**(Dr. Dev Raj Birdi)**  
**Chairman**

Annexure ARevised Power Purchase cost**FY 2007-08**

Particulars	East Discom	West Discom	Central Discom	Total for State
Total Energy Procured as per Audited Accounts (MUs) : A	10,432.00	13,605.52	11,858.17	35,895.69
Cost of Power Purchase including Inter- State Transmission charges as per audited Account , Less of short term power purchase cost of 2006-07 (Rs Crore) : (B)	1,976.80	2,416.71	2,012.52	6,406.03
Fixed Cost (in Rs Crore) : C	545.06	664.81	551.28	1761.16
Variable Cost (in Rs Crore) : D = (B-C)	1,431.74	1,751.90	1,461.24	4,644.87
Per Unit Charges of Power (Rs. / kWh): E=D/A*10	1.3724	1.2876	1.2323	
Quantum of Power Purchase Admitted (MUs) : F	8843.57	11996.35	9914.51	30754.43
<b>Variable Cost (in Rs Crore) Admitted: G= E*F/10</b>	<b>1213.73</b>	<b>1544.69</b>	<b>1221.73</b>	<b>3980.15</b>
<b>Total Power Purchase Cost revised (in Rs. Crore) : H = C+G</b>	<b>1758.80</b>	<b>2209.51</b>	<b>1773.01</b>	<b>5741.31</b>
<b>Power Purchase Cost admitted in True-up Order (in Rs. Crore):I</b>	<b>1627.65</b>	<b>2064.6</b>	<b>1624.3</b>	<b>5316.55</b>
<b>Difference for 2007-08 (in Rs. Crore): H-I</b>	<b>131.15</b>	<b>144.91</b>	<b>148.71</b>	<b>424.76</b>

**FY 2008-09**

Particulars	East Discom	West Discom	Central Discom	Total for State
Total Energy Procured as per audited accounts (MUs) : A	10290	13406.87	11592.81	35289.68
Cost of Power Purchase including Inter-State Transmission Charges as per audited accounts (Rs. Crore) : B	2328.52	2948.55	2237.45	7514.52
Less: Other Expenses not admitted (Rs. Crore) : C	64.08	78.63	62.85	205.56
Total Cost of Power Purchase for FY 2008-09 (Rs. Crore) : D=B-C	2264.44	2869.92	2174.60	7,308.96
Fixed Cost (in Rs Crore) : E	974.96	1094.70	942.94	3012.60
Variable Cost (in Rs Crore) : F= (D-E)	1289.48	1775.22	1231.66	4296.36
Per Unit Cost of Power (Rs. / kWh) : G=(F/A*10)	1.25	1.32	1.06	1.22
Quantum of Power Purchase Admitted (MUs) : H	8911.75	11865.11	9950.83	30727.69
<b>Variable Cost Admitted (in Rs Crore) :I =(G*H/10)</b>	<b>1116.77</b>	<b>1571.07</b>	<b>1057.21</b>	<b>3745.05</b>
<b>Total Power Purchase Cost revised (in Rs. Crore) : J= E+I</b>	<b>2091.73</b>	<b>2665.77</b>	<b>2000.15</b>	<b>6757.65</b>
<b>Power Purchase Cost admitted in True-up Order (in Rs. Crore):K</b>	<b>1886.54</b>	<b>2448.56</b>	<b>1783.32</b>	<b>6118.42</b>
<b>Difference for FY 2008-09 (in Rs. Crore) : J-K</b>	<b>205.19</b>	<b>217.21</b>	<b>216.83</b>	<b>639.23</b>

**FY 2009-10**

Particulars	East Discom	West Discom	Central Discom	Total for State
Total Energy Procured as per audited accounts (MUs) : A	10403	13627.54	12525.1	36555.64
Cost of Power Purchase including Inter-State transmission charges as per audited accounts (Rs. Crore):B	2592.96	3377.44	2410.86	8381.26
Less: Other expenses not admitted (Rs. Crore) : C	0.71	0.86	0.83	2.40
Total cost of power purchase for FY 2009-10 (Rs. Crore), D=B-C	2592.25	3376.58	2410.03	8378.86
Fixed Cost (in Rs Crore ): E	872.42	969.42	908.93	2750.77
Variable Cost (in Rs Crs): F= D-E	1719.83	2407.16	1501.10	5628.09
Per Unit Cost of Power (Rs. / kWh): G: F/A*10	1.6532	1.7664	1.1985	
Quantum of Power Purchase Admitted (MUs): H	9136.5	13066.55	10293.47	32496.52
Variable Cost Admitted (in Rs Crore ) :I=G*H/10	1510.45	2308.07	1233.65	5052.17
Total Power Purchase Cost revised (in Rs. Crore): J : E+I	2382.87	3277.49	2142.58	7802.94
Power Purchase Cost admitted in True-up Order (in Rs. Crore) :K	2276.69	3237.63	1980.67	7494.99
Difference for 2009-10 (in Rs. Crore): (J-K)	106.18	39.86	161.91	307.95

**FY 2010-11**

Particulars	East Discom	West Discom	Central Discom	Total for State
Total Energy Procured as per Audited Accounts/ MP Tradeco statement (MUs) : A	11500.67	15490.98	12286.23	39277.88
Cost of Power Purchase including Inter-State Transmission Charges as per Audited Accounts (Rs. Crore): B	2442.09	3390.68	2731.92	8564.69
Less: Other Expenses not admitted (Rs. Crore) : C	6.60	6.98	6.71	20.29
Total Cost of Power Purchase for FY 2010-11 (Rs. Crore): D=B-C	2435.49	3383.70	2725.21	8544.40
Fixed Cost (in Rs Crore ): E	984.31	1247.24	1033.69	3265.24
Variable Cost (in Rs Crore ): F=D-E	1444.87	2128.82	1684.76	5258.45
Per Unit Cost of Power (Rs. / kWh): G=F/A*10	1.2563	1.3742	1.3713	
Quantum of Power Purchase Admitted (MUs): H	10383.86	14715.94	11700.4	36800.2
Variable cost (in Rs Crore ) Admitted: I = G*H/10	1304.56	2022.31	1604.43	4931.30
Total Power Purchase Cost revised (in Rs. Crore): J =E+I	2288.87	3269.55	2638.12	8196.54
Power Purchase Cost admitted in True-up Order (in Rs. Crore) : K	2194.86	3209.42	2590.95	7995.24
Difference for 2010-11 (in Rs. Crore ): J-K	94.01	60.13	47.17	201.31

**FY 2011-12**

<b>Particulars</b>	<b>East Discom</b>	<b>West Discom</b>	<b>Central Discom</b>	<b>Total for State</b>
Total Energy Procured as per petition (MUs) : A	12692.93	17217.53	13793	43703.46
Cost of Power Purchase including Inter-State Transmission Charges as per audited accounts (Rs. Crore): B	3785.4	4481.92	3608.08	11875.4
Less: Other Expenses not admitted (Rs. Crore): C	2.18	2.50	2.42	7.10
Total Cost of Power Purchase for FY 2011-12 (Rs. Crore) : D=B-C	3783.22	4479.42	3605.66	11868.30
Fixed Cost (in Rs Crore) : E	1313.79	1551.43	1344.25	4209.47
Variable Cost (in Rs Crore) : F=D-E	2403.94	2846.33	2191.62	7441.90
Per Unit Cost of Power (Rs. / kWh) : G=F/A*10	1.8939	1.6532	1.5889	
<i>Quantum of Power Purchase Admitted (MUs) : H</i>	10811.01	16744.49	12247.8	39803.3
<b>Variable Cost Admitted (in Rs Crore) : I =G*H/10</b>	<b>2047.52</b>	<b>2768.13</b>	<b>1946.10</b>	<b>6761.75</b>
<b>Total Power Purchase Cost revised (in Rs. Crore): J= E+I</b>	<b>3361.31</b>	<b>4319.56</b>	<b>3290.35</b>	<b>10971.22</b>
<b>Power Purchase Cost admitted in True-up Order (in Rs. Crore) : K</b>	<b>3176.43</b>	<b>4264.95</b>	<b>3136.88</b>	<b>10578.25</b>
<b>Difference for FY 2011-12(in Rs. Crore) : (J-K)</b>	<b>184.88</b>	<b>54.61</b>	<b>153.47</b>	<b>392.96</b>

**Revised Interest on Working capital****From FY 2007-08 to FY 2011-12****(Amount in Rs Crore)**

<b>Particulars</b>	<b>East Discom</b>	<b>West Discom</b>	<b>Central Discom</b>	<b>Total for State</b>
FY 2007-08	0.00	0.00	0.00	0.00
FY 2008-09	0.00	4.54	0.00	4.54
FY 2009-10	0.00	0.00	0.00	0.00
FY 2010-11	0.00	0.00	0.00	0.00
FY 2011-12	0.00	2.24	0.00	2.24